

**ANNUAL REPORT AND FINANCIAL STATEMENTS
2010-2011**

**SASKATCHEWAN SNOWMOBILE FUND
FOR THE FISCAL YEAR ENDING MARCH 31, 2011**



SASKATCHEWAN SNOWMOBILE ASSOCIATION INC.

INTRODUCTION:

The Saskatchewan Snowmobile Fund (Fund), also called the Trail Fund, was established under *The Snowmobile Act* (Act). The fund provides money for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails.

The legislative authority for the Fund and the specific provisions of the Fund are found in The Act and the Regulations thereunder.

Pursuant to The Act, the Minister appointed the Saskatchewan Snowmobile Association Inc. (SSA) to administer the Fund.

FUND PURPOSE

The Snowmobile Fund is administered by the Saskatchewan Snowmobile Association Inc. (Trail Fund Manager).

The Fund provides on-going funds required to operate and maintain safe snowmobile trails in Saskatchewan.

The Fund distributes monies to eligible clubs to maintain and groom snowmobile trails based on a formula agreed upon by all SSA member clubs.

During the 2010-2011 fiscal year, a total of 47 clubs received \$1,000,000 to maintain 9,340 km of trail.

COMPARATIVE FIGURES:

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
# of Clubs Funded	47	47	46	43	45	49
Amount Paid to Clubs	1,000,000	605,000	587,000	590,000	348,440	264,855
# of KM maintained	9,340	9,169	8,165	8,410.5	6,976	8,292
SIG Snowmobile Registrations	20,381	17,428	19,788	17,980	17,606	12,076

MANAGEMENT OF KEY RISKS:

***Public Awareness**

This past season saw sales increase from 3206 units in 2009-2010 to 3988 units in 2010-2011 season

This past season saw snowmobile registrations increase from 17,428-2009/10 season to 20,381-2010/2011 season

Early snow, total provincial snow cover, good economy are all factors to the increases seen in the Saskatchewan snowmobile industry.

***Safety Promotion**

Increases in sales and registrations increased in snowmobile accidents and fatalities. The provincial health care system doesn't track snowmobile accidents, this doesn't allow for snowmobile accident details. Fatalities increased substantially this season given the increase in usage. The SSA saw a pattern and increased the advertising of the snowmobile safety message on provincial TV. Of the 7 fatalities two took place on trail, this shows that risks can be reduced when snowmobile trails are utilized by the public.

***Enforcement**

Enforcement or the lack of continues to be a major issue; snowmobile users have become accustomed to little or no enforcement on the snowmobile trails. The 2009 Snowmobile Study done by the Ministry of Tourism Parks Culture and Sport shows those households with one registered snowmobile have a second snowmobile not registered, this shows that only half of the users' snowmobiles are registered with SGI. We are seeing an increase of empty alcohol containers being left at the warm-up shelters; this gives us great concern given the leading cause of snowmobile accidents and fatalities is alcohol.

***Fleet Management**

This position has been incorporated into the duties of the President/CEO. This position is a valuable tool for the overall operation of the trail system. This position assists the clubs with the ongoing operation of the equipment, assists with repairs, finding affordable parts as well as good operation practices, safety, training, risk management, and assessment of equipment for replacement.

***Electronic Monitoring**

The installation of GPS units into all the snow-cats has been canceled. This was done for several reasons, the cost is very high for units that will work given only satellite coverage is available, and the administration cost has been determined to be very high with the satellite units.

***Trail Inspection**

The SSA has expanded the Trail Inspection Program given the Electronic Monitoring and Traffic Counters are not being used. Hand held GPS units and traffic counters are available if Trail Inspectors require them for a trail audit. Trail Inspectors have been trained and training will continue annually, inspectors are required to visit and travel each and every club and all trails annually. Inspectors are required to do the trail inspection with club members. The program requires clubs meet the requirements of the trail funding guidelines, trail signing manual and good grooming practices are being utilized. It was felt this program meets and exceeds the requirements of electronic monitoring with GPS and traffic counters.

***Reporting**

Clubs are now providing more detailed reports, snow and trail conditions, grooming reports with km groomed daily and times. This assists with evaluations of cost to identify grooming efficiencies. Reporting also is crossed-referenced with the trail inspector's reports. Reports from the public are also included into the clubs report.

***Insurance**

A Request for Proposals was undertaken in the summer of 2010 on all the insurance requirements of the SSA. A new insurance provider was found with better coverage with reduced deductibles and overall cost reductions.

***Fraud**

As the Trail Fund Manager the SSA follows the guidelines of Saskatchewan Finance, Financial Administration Manual. The manual outlines the financial requirements which include fraud, and reporting of fraud.

Management's Responsibility for Financial Statements

The Saskatchewan Snowmobile Association (Association) is responsible for establishing and maintaining a system of internal control, complying with authorities and maintaining the Saskatchewan Snowmobile Fund's (Fund) financial records and financial statements. The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

The Association's Board oversees management in the performance of its financial reporting duties.

The Provincial Auditor of Saskatchewan annually examines the Association's system of internal control, compliance with authorities and the Fund's financial statements. A copy of the Provincial Auditor's opinion on the financial statements is enclosed.



Chris Brewer
President / CEO
Saskatchewan Snowmobile Association Inc.
Regina Beach, Saskatchewan
July 7, 2010

SASKATCHEWAN SNOWMOBILE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2011



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SASKATCHEWAN

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Snowmobile Fund, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and net financial assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saskatchewan Snowmobile Fund as at March 31, 2011, the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
June 24, 2011

Bonnie Lysyk, MBA, CA
Provincial Auditor

**SASKATCHEWAN SNOWMOBILE FUND
STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

As at March 31

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash	\$ 146,905	\$ 2,509
Accounts receivable (Note 8)	47,172	29,387
Investments (Note 5)	1,199,710	1,139,313
GST receivable	<u>3,264</u>	<u>2,370</u>
	1,397,051	1,173,579
 LIABILITIES		
Due to Saskatchewan Snowmobile Association	\$ 122,859	\$ 113,594
Accounts payable	<u>4,868</u>	<u>41</u>
	<u>127,727</u>	<u>113,635</u>
 Net Financial Assets	<u>1,269,324</u>	<u>1,059,944</u>
 NON FINANCIAL ASSETS		
Tangible capital assets (Note 3)	<u>\$ 272</u>	<u>\$ 815</u>
Accumulated Surplus (Statement 2)	<u>\$ 1,269,596</u>	<u>\$ 1,060,759</u>

(See accompanying notes to the financial statements)

**SASKATCHEWAN SNOWMOBILE FUND
STATEMENT OF OPERATIONS AND NET FINANCIAL ASSETS**

STATEMENT 2

Year Ended March 31

	2011		2010
	Budget	Actual	Actual
	(Note 6)		
REVENUES			
Transfer from General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport (Note 1)	\$ 1,225,000	\$ 1,426,670	\$ 1,198,990
Interest & other revenue	2,500	2,921	5,323
Total Revenues	1,227,500	1,429,591	1,204,313
EXPENSES			
Trail funding to clubs	962,050	1,000,000	605,000
Liability insurance	22,500	22,135	25,434
Administration (Note 7)	117,700	123,400	113,146
Travel and meetings	15,000	10,544	12,231
Marketing and promotion	28,575	20,957	25,455
Safety expenses	81,675	43,718	23,151
Total Expenses	1,227,500	1,220,754	804,417
Surplus for the Year	\$ -	208,837	399,896
Net Financial Assets, beginning of year		1,060,759	660,863
Net Financial Assets, end of year – to Statement 1		\$ 1,269,596	\$ 1,060,759

(See accompanying notes to the financial statements)

**SASKATCHEWAN SNOWMOBILE FUND
STATEMENT OF CASH FLOWS**

STATEMENT 3

Year Ended March 31

	<u>2011</u>	<u>2010</u>
Cash flows from (used in) operating activities:		
Receipts from General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport	\$ 1,410,990	\$ 1,194,724
Receipts of interest and other revenue	816	722
Payments to suppliers	(198,859)	(177,860)
Payments for travel and meetings	(10,544)	(12,231)
GST refund received	2,391	-
Payments to clubs for trail funding	(1,000,000)	(605,000)
	<u>204,794</u>	<u>400,355</u>
Cash flows from (used in) investing activities:		
Purchase of investments	(1,225,398)	(1,157,722)
Sale of investments	1,165,000	761,007
	<u>(60,398)</u>	<u>(396,715)</u>
Net increase (decrease) in cash	144,396	3,640
Cash, beginning of year	<u>2,509</u>	<u>(1,131)</u>
Cash, end of year	<u>\$ 146,905</u>	<u>\$ 2,509</u>

(See accompanying notes to the financial statements)

**SASKATCHEWAN SNOWMOBILE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2011**

1. Legislative authority

The Saskatchewan Snowmobile Fund was established pursuant to section 20.7 of *The Snowmobile Act*. The Fund's purpose is to provide funding for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails. The Minister responsible for *The Snowmobile Act* appointed the Saskatchewan Snowmobile Association Inc. to administer the Fund as trail manager. The trail manager is responsible for establishing the trail funding allocation criteria for the distribution of the money in the Fund to the snowmobile clubs who maintain the trails.

Pursuant to an agreement with the Ministry of Tourism, Parks, Culture and Sport, the Ministry is committed to provide yearly grants to the Fund. The grant is determined on the number of snowmobile registrations in the province multiplied by the permit fee described in *The Snowmobile Regulations 1998*.

2. Significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as the fund is classified as an other government organization. A statement of net debt has not been prepared as the information is readily determinable from the other statements. The following accounting principles are considered significant:

a) Tangible capital assets

Individual capital assets costing more than \$500 are capitalized. Amortization of these capital assets commences in the year of acquisition and is calculated on the straight-line basis over their useful lives as follows:

Furniture & equipment	5-10 years
Computer equipment	3 years

b) Investments

Investments are recorded at cost.

c) Trail funding to clubs

Trail funding to clubs is recorded as an expense when funding requests have been approved and the clubs have met the eligibility criteria.

d) Revenue

Trail permit revenue is recognized when the permit is issued.

Transfer from the General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport is recognized based on the annual snowmobile registration fees

collected by Saskatchewan Government Insurance and remitted to the General Revenue Fund.

e) Use of estimates

These statements are prepared in conformity with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Tangible capital assets

	2011			2010
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture & equipment	\$ 2,718	\$ 2,446	\$ 272	\$ 815
Computer equipment	3,491	3,491	-	-
	<u>\$ 6,209</u>	<u>\$ 5,937</u>	<u>\$ 272</u>	<u>\$ 815</u>

4. Financial instruments

The Fund's financial instruments include cash, accounts receivable, investments, accounts payable, GST receivable, and due to Saskatchewan Snowmobile Association. Information about the fair value of investments is disclosed in Note 5. The fair value of the other instruments approximates their carrying value due to their immediate or short-term nature. Credit risk from the potential non-payment of accounts receivable is minimal because the Fund's receivable is from the General Revenue Fund – Ministry of Tourism, Parks, Culture and Sport.

5. Investments

The Fund holds units in the RBC Canadian T-Bill Fund, which invests in high quality, short-term debt securities such as treasury bills. The RBC Canadian T-bill Fund has no fixed interest rate and its returns are based on the success of the fund manager. The fair value of investments approximates their carrying value due to their short-term nature.

6. Budget

The budget was approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc.

7. Administration

The Saskatchewan Snowmobile Association Inc. incurs the accommodation, salaries, and some operating costs associated with administering the Fund. These costs are allocated to the Fund based on the time staff spends to administer the Fund. The Fund then pays Saskatchewan Snowmobile Association Inc. for these costs. The Fund also

incurs certain operating costs directly. The costs allocated by the Saskatchewan Snowmobile Association Inc. and the direct costs of the Fund were as follows:

	2011		2010	
	Allocated costs	Direct costs	Total	Total
Salaries	\$79,395	\$477	\$79,872	\$73,216
Postage	389	6,442	6,831	6,019
Rent	5,113		5,113	5,023
Telephone	4,239		4,239	4,320
Computer maintenance	1,476		1,476	4,847
Marketing	4,502		4,502	424
Trade shows	1,504		1,504	-
Professional services	970	262	1,232	1,174
Amortization	-	544	544	659
Office supplies	3,549	1,271	4,820	1,937
Printing	250	950	1,200	2,152
Office insurance	336	131	467	941
Bank charges	479		479	519
Membership dues	551		551	1,562
Board expenses	3,198		3,198	4,182
Staff training	992		992	339
Club expenses	5,340		5,340	4,055
Meeting expenses	589		589	1,229
Staff travel	451		451	548
	<u>\$113,323</u>	<u>\$10,077</u>	<u>\$123,400</u>	<u>\$113,146</u>

8. Related parties

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. Accounts receivable includes \$42,000 (2010 - \$26,320) from the General Revenue Fund - Ministry of Tourism, Parks, Culture and Sport. Expenses include \$4,239 (2010 - \$4,320) paid to related parties for certain services during the year.

In addition, the Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

PAYEE LIST FOR THE FISCAL YEAR 2010-2011

SUPPLIERS RECEIVING \$20,000.00 OR MORE

Saskatchewan Snowmobile Association

Third Party Liability Insurance	22,135
Administration & Wages	130,110

**TRAIL FUND PAYOUT BASED ON SNOWMOBILE REGISTRATIONS
RECEIVED IN THE 2009-2010 SNOWMOBILE SEASON**

TRAIL FUND PAYOUT

#	Club Name	Total Paid Aug. 2010
1	Archerwill Drift Riders	17,020.71
2	Battlefords Trail Breakers	29,669.29
3	Border Explorers Snowmobile Club	13,071.54
4	Broadview Snow Busters	13,671.15
5	Calling Lake Cruisers	26,465.63
6	Candle Lake Sno Drifters	39,136.05
7	Canwood Sno-Blazers	12,256.90
8	Chitek Lake Bush Buddies Inc.	8,005.85
9	Cupar Snowmobile Club	10,334.00
10	Elbow Lake Sno Drifters	5,326.21
11	Esker Bear Trails Inc.	36,588.74
12	Esterhazy Super Sledgers	17,988.36
13	Estevan Snowmobile Club	13,001.24
14	Goodsoil Ridge Riders	7,112.64
15	Grenfell Snowdrifters	9,304.32
16	Hudson Bay Trail Riders	71,953.44
17	Kamsack Snow Drifters	9,246.43
18	Kelvington Trailblazers	44,214.15
19	Lakeland Snowmobile Club	41,071.35
20	Last Mountain Lake Drifters	26,408.23
21	Leoville Snow Drifters Inc.	7,522.03
22	Melfort & District Trail Riders	24,943.86
23	Mistatim Snow Packers	19,336.45
24	Moose Mountain Snowmobile Club	45,281.04
25	Naicam Snowblasters Inc	31,030.95
26	Northern Lights Snowmobile Assoc.	15,035.79
27	Pasquia Snow Goers	26,556.61
28	Porcupine Trail Blasters Inc.	18,199.26
29	Prairie & Pine Sno Riders Inc.	23,273.22

30	Prairie Prowlers Inc.	2,060.23
31	Quill Lake Trail Twisters	18,385.34
32	Rhein Sno Cruzers	3,978.12
33	Rough Riders Snowmobile Club	29,153.55
34	Saskatoon Snowmobile Club	12,902.00
35	Showstoppers Snowmobile Club	18,757.52
36	Souris River Snowmobile Club	4,879.60
37	S.E. Sask Stubble Jumpers	31,361.77
38	Springside Snowmobile Club	3,374.37
39	Thickwood Trails Snowmobile Club	28,682.13
40	Timber Trails Sno Riders	21,652.20
41	Tisdale Snowmobile Club	15,912.46
42	Trakkers Snow Club	6,732.20
43	Tri-Valley Trails Inc.	28,367.85
44	Twin Lakes Trail Blazers	26,548.34
45	Weekes Bush Pushers Club Inc.	8,369.76
46	Whiteswan Snow Hawks	18,294.37
47	Yorkton Sno-Riders Club Inc.	57,562.75
TOTAL		1,000,000.00

CLUBS PAID IN AUGUST 2010

Note: Payout in August 2010 is from registrations received in the 2009-2010 Fiscal Year Ending March 31, 2010.